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Press Release

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Attorney General McGraw Stops JK Harris And Company From Misleading Consumers; Refunds Money

A South Carolina tax-relief company that claims to be able to settle your debt with the Internal Revenue Service for "pennies on the dollar" has agreed to stop misleading consumers about its services and pay \$1.5 million in refunds, announced Attorney General Darrell McGraw today.

"For an exorbitant fee, JK Harris promised to help consumers with their tax problems. Instead of getting tax help, consumers only got deeper in debt," said McGraw.

McGraw and 17 other state attorneys general entered into a consent judgment with JK Harris and Company, LLC of Charleston, South Carolina, and its president John K. Harris. McGraw claims that JK Harris did not help consumers with their tax problems as advertised and refused to give refunds when consumers complained that promised services were never completed.

McGraw alleged that JK Harris regularly advertised that it could help people who owed back taxes to the IRS by filing an Offer in Compromise (OIC) on their behalf resulting in them only having to pay "pennies on the dollar" of what they owed. JK Harris charged money up-front for this service without actually determining if consumers qualified for an OIC. The IRS accepts only a small number of these kinds of cases. In many cases, JK Harris did not even apply to the IRS to help consumers as promised but still refused to give those consumers their money back.

According to McGraw's complaint, JK Harris regularly advertised that it had more than 45 offices nationwide. In reality, if a consumer wanted to talk with a JK Harris representative in person about the tax services he had purchased, he would have to travel to Harris's main office in Charleston, South Carolina. Harris's other offices are staffed only by sales representatives who could not help consumers with their tax problems.

JK Harris also claimed that consumers' files would be handled by "tax experts" or "ex- IRS agents" when in fact the people handling the cases did not have tax expertise. JK Harris case managers changed frequently, and consumers complained that they often had to provide the same information to the company several times.

Under the terms of today's consent judgment, JK Harris must make clearer disclosures to consumers and pay them refunds if they aren't able to work out a compromise with the IRS. The company must tell consumers up-front under what circumstances they might qualify to reach a compromise with the IRS on back taxes and also provide the consumer with the percentage of OIC offers the IRS actually accepts. The company must also refund consumers' money if the IRS does not provide them with an OIC.

JK Harris agreed to a number of other reforms to its advertising and sales practices and is barred from offering or performing

credit repair services. The judgment also applies to JK Harris Financial Recovery System, LLC and Professional Fee Financing Associates, LLC, both owned by John K. Harris.

A total of 37 West Virginia consumers have complained to Attorney General McGraw's Consumer Protection Division about the company since 2000. Any West Virginia consumer who filed a complaint with the Attorney General McGraw's Consumer Protection Division, the South Carolina Department of Consumer Affairs, or the Better Business Bureau, or who files a complaint within the next 90 days, will be eligible for a partial refund from JK Harris. Consumers may contact Attorney General McGraw's Consumer Protection Division toll-free at 1-800-368-8808 or by email at consumer@wvago.gov.

States participating in the judgment along with West Virginia are Arkansas, Arizona, California, Connecticut, Florida, Illinois, Maine, Massachusetts, Michigan, Minnesota, New York, North Carolina, Ohio, Pennsylvania, South Dakota, Tennessee, and Vermont.

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